



THOMAS L. WELCH  
CHAIRMAN

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION  
18 STATE STREET  
18 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0015

DOCKET FILE COPY ORIGINAL

WILLIAM M. NUGENT  
COMMISSIONER

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August 31, 1998

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

Re: CC Docket 96-128, IMPLEMENTATION OF THE PAY PHONE  
RECLASSIFICATION AND COMPENSATION PROVISIONS OF THE  
TELECOMMUNICATIONS ACT OF 1996

Dear Ms. Salas:

Enclosed is an original and twelve copies of the Report of the Maine Public Utilities Commission in the above docket.

Please date stamp one copy and return in the self-addressed stamped envelope.

Sincerely,

Dennis L. Keschl  
Administrative Director

No. of Copies rec'd 07 11  
List ABCDE



**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
Implementation of the	)	
Pay Telephone Reclassification and	)	CC Docket No. 96-128
Compensation Provisions of the	)	
Telecommunications Act of 1996	)	

**REPORT OF THE MAINE PUBLIC UTILITIES COMMISSION**

The The Maine Public Utilities Commission (MPUC) hereby files its report in the above-captioned request for a review of public interest payphones (PIPs), as required by FCC Order 96-388 in CC Docket No. 96-128, issued September 20, 1996.

**BACKGROUND**

Section 276 of the Telecommunications Act of 1996 required the FCC to "determine whether public interest payphones, which are provided in the interest of public health, safety, and welfare, in locations where there would otherwise not be a payphone, should be maintained, and if so, ensure that such public interest payphones are supported fairly and equitably."

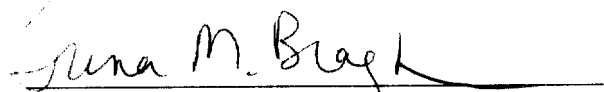
In the Report and Order FCC 96-388, the Commission defined PIPs in paragraph 282 as, "a payphone which (1) fulfills a public policy objective in health, safety, or public welfare, (2) is not provided for a location provider with an existing contract for the provision of a payphone, and (3) would not otherwise exist as a result of the operation of the competitive marketplace." The FCC directed each state to review its rules and policies to determine whether it has provided for PIPs, to determine if it needed to establish a PIP program, and, if so, fairly and equitably fund the program by September 20, 1998.

The MPUC opened Docket No. 98-356 to inquire as to the state of Maine's competitive payphone market. The Order issued pursuant to this inquiry is attached.

#### **CONCLUSION**

After reviewing the record of this matter, the MPUC does not believe there is sufficient evidence that Maine needs to develop a PIP program at this time. If in the future evidence is presented to indicate a need, this issue will be readdressed.

Respectfully submitted,

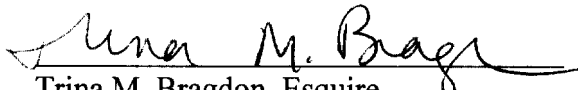
  
Trina M. Bragdon  
Staff Attorney

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )  
Implementation of the )  
Pay Telephone Reclassification and ) CC Docket No. 96-128  
Compensation Provisions of the )  
Telecommunications Act of 1996 )

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the  
Report of the Maine Public Utilities Commission for CC Docket No.  
96-128 has been furnished to the parties on the attached service  
list this 31<sup>st</sup> day of August, 1998.

  
Trina M. Bragdon, Esquire  
Maine Public Utilities Commission  
242 State Street  
Augusta, Maine 04333-0018

## Service List

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Federal Communications Commission  
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Washington, DC 20554

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Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 802  
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The Honorable Gloria Tristani,  
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Mary E. Newmeyer  
Alabama Public Service Commission  
100 N. Union Street  
Montgomery, AL 36104

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 98-356

August 25, 1998

PUBLIC UTILITIES COMMISSION  
Regarding Provision of  
Payphone Service in Maine

ORDER

WELCH, Chairman; NUGENT, Commissioner

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**I. SUMMARY**

In this Order, we decline to initiate a public interest payphone (PIP) program at this time, but announce our intent to monitor the development of the competitive payphone market in Maine.

**II. BACKGROUND**

Section 276 of the Telecommunications Act of 1996 required the Federal Communications Commission (FCC) to "determine whether public interest payphones, which are provided in the interest of public health, safety, and welfare, in locations where there would otherwise not be a payphone, should be maintained, and if so, ensure that such public interest payphones are supported fairly and equitably."

In the Report and Order FCC 96-388 at paragraph 282, the FCC defined a PIP as, "a payphone which (1) fulfills a public policy objective in health, safety, or public welfare, (2) is not provided for a location provider with an existing contract for the provision of a payphone, and (3) would not otherwise exist as a result of the operation of the competitive marketplace." The FCC directed each state to review its rules and policies to determine whether it has provided for PIPs, to determine if it needed to establish a PIP program, and, if so, to fairly and equitably fund the program by September 20, 1998.

**III. DATA REQUEST ON PIPs**

On May 7, 1998, staff opened this inquiry and sent a request to all local exchange carriers (LECs) and other payphone providers having more than 10 payphones in the state of Maine seeking data on the number, placement and rates of payphones in Maine over the past 3 years as well as comments on the future of payphone service in Maine. A spreadsheet summarizing the data received is attached as Appendix A to this Order.

The responses indicate a general trend towards additional payphones over the past three years, even in rural areas. Some of the more rural companies are charging the lowest rates for their payphone service, including free local calls at both Saco River and Island Telephone payphones. While some companies have begun to assess the economic viability of their payphones, the principal drivers of payphone removals are still vandalism and location provider issues such as space rental costs.

#### **IV. SUMMARY OF COMMENTS ON PIPs**

Two entities specifically commented on the future of PIPs in Maine and the need for a PIP program. A third entity included information in its data responses that may have significant implications on the future of payphone service in Maine.

Bell Atlantic - Maine (BA-ME) urges the Commission to allow the competitive marketplace to develop before determining whether PIPs are necessary in Maine. According to BA-ME, payphone providers are just now beginning to receive per call compensation and the market should be allowed to adjust to these changes. BA-ME provides several alternative suggestions for ensuring the availability of payphones, such as Maine's current requirement that local exchange carriers maintain one payphone per exchange and contracting strategies for government bodies that encourage placement of marginal payphones in return for profitable placements. BA-ME also suggests funding methods and structures for any PIP program Maine may choose to adopt. Finally, BA-ME expresses a desire to work with the Commission in any future PIP proceeding.

The New England Public Communications Council (NEPCC) believes that the competitive market cannot be adequately assessed through a one-time collection of data and that the necessity of any PIP program must be monitored over time. If the Commission determines that PIPs are necessary in Maine, NEPCC says the Commission must ensure that any such program is fairly administered and costs apportioned in a nondiscriminatory fashion.

TDS Telecom, with several subsidiaries serving rural areas of Maine, notes in its data response that it is in the process of selling all of its payphones to PhoneTel. Prior to this announced sale, the total number of payphones owned by TDS had increased slightly over the previous three years. The Commission



will monitor the developments following this transaction, if completed, to ensure that these areas have access to payphones.<sup>1</sup>

## V. CONCLUSION

As of March 31, 1998, there were 30 major providers of payphones in Maine with more than 8,200 operating payphones among them. The distribution of these payphones currently ensures, with one exception, that at least one payphone exists per telephone exchange throughout Maine.<sup>2</sup> In addition, many extant payphones will become more profitable as per call compensation for calling card and toll free calls takes effect. The Consumer Assistance Division of the Commission (CAD) has recorded no complaints regarding payphone removals, but we will continue to monitor statistics from CAD.

We do not believe a PIP program is needed at this time; Maine has yet to realize a significant impact from the implementation of Section 276 of the Telecommunications Act of 1996. However, recognizing the changing nature of the marketplace, we will continue to monitor the need for a PIP program. If in the future evidence is presented to indicate a need, this issue will be addressed.

Therefore, we

O R D E R

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<sup>1</sup>Chapter 25 of the Public Utilities Commission's rules requires that LECs provide at least one payphone per exchange, barring a Commission waiver.

<sup>2</sup>The apparent sole exception is the West Lebanon exchange, which is wholly contained in the municipality of Lebanon, in southwestern York County. The exchange is geographically quite small, and the neighboring exchanges of Lebanon and South Lebanon contain payphones. Thus, although the West Lebanon exchange does not contain any payphones, there are several within the municipality of Lebanon and in close proximity to the geographic boundaries of the West Lebanon exchange.

1. That a copy of this Order be sent to the FCC as per FCC Order 96-388 in CC Docket No. 96-128, issued September 20, 1996, and;
2. That this docket be closed.

Dated at Augusta, Maine, this 25th day of August, 1998.

BY ORDER OF THE COMMISSION



Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:

Welch  
Nugent

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 6(N) of the Commission's Rules of Practice and Procedure (65-407 C.M.R.11) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which consideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

# APPENDIX A

COMPANY	Count 3/98	Rate	Count 3/97	Rate	Count 3/96	Rate	Criteria for Removal	Permanently Removed	To be Removed	Comments
AT&T - NSC	35	\$0.25	N/A	N/A	N/A	N/A	No Answer	No Answer	No Answer	Only provided 1998 data.
Apollo	44	\$0.35	36	\$0.25	27	\$0.25	Net income less than \$50/month. Seasonal shifts.	None	Seasonal	.35 effective 5/98
IMR Capital Corp	114	\$0.35	110	\$0.25	95	\$0.25	Economic and contractual issues.	None	None	Maintains uneconomic phones per contracts.
Pay Phone, Inc.	147	\$0.25	119	\$0.25	121	\$0.25	Revenue and location provider decisions.	38	None	New installations outnumber removals in 98.
People's Telephone	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DATA AVAILABLE IN AUGUST
Travelers Telecom	37	\$0.25	N/A	N/A	N/A	N/A	Economic issues.	None	None	
Bell Atlantic	7069	\$0.35	6437	\$0.25	6807	\$0.25	Owner's request, profitability.	528	None at Present.	Percentage are semi-pub -- .35 effective 5/98.
Bryant Pond Telephone	2	\$0.20	2	\$0.20	2	\$0.20	Profitability criteria under consideration.	None	None at present.	
China Telephone	9	\$0.25	9	\$0.10	9	\$0.10	Revenue shortages will cause removals.	2	3	Rate of .25 not yet effective, but anticipated.
Cobbosseecontee T&T	2	\$0.10	2	\$0.10	2	\$0.10	Vandalism.	None	None	
Community Service	19	\$0.35	17	\$0.25	17	\$0.25	No existing criteria.	None	None Identified.	.35 effective 5/98
Hampden Telephone	25	\$0.10	24	\$0.10	22	\$0.10	None established.	None	None	Selling all phones to Phonetel.
Hartland & St. Albans	18	\$0.25	18	\$0.25	18	\$0.25	Customer request and vandalism.	2	None	Selling all phones to Phonetel.
Island Telephone	9	\$0.00	N/A	N/A	N/A	N/A	Not applicable.	None	None	Selling all phones to Phonetel.
Lincolntonville Telephone	10	\$0.25	10	\$0.10	10	\$0.10	Volume, maintenance, proximity to other telephones	None	None	
Maine Telephone	73	\$0.25	N/A	\$0.20	N/A	\$0.20	Revenue shortages will cause removals.	12	43	Rate of .25 not yet effective, but anticipated.
Mid-Maine	23	\$0.25	21	\$0.25	17	\$0.25	Request of Property Owner	2	None	
Northland Telephone	121	\$0.20	102	\$0.20	123	\$0.20	Continued low box revenue. Repetitive vandalism.	Minimal - No Record	None	Local manager makes the decision.
Oxford County T&T	41	\$0.20	41	\$0.20	42	\$0.20	Profitability criteria under consideration.	10	None at Present.	
Oxford West	32	\$0.20	39	\$0.20	38	\$0.20	Profitability criteria under consideration.	10	None at Present.	
Pine Tree T&T	28	\$0.25	38	\$0.25	39	\$0.25	Revenues. Location provider issues.	14	None	Competitors supplanted some of the removals.
Saco River T&T	36	\$0.00	34	\$0.00	33	\$0.00	Excessive vandalism.	2	None	NOTE -- Local calls are free.
Sidney Telephone	5	\$0.20	2	\$0.20	2	\$0.20	Continued low box revenue. Repetitive vandalism.	None	None	
Somerset Telephone	138	\$0.25	137	\$0.25	125	\$0.25	None Given.	5	None Given.	Selling all phones to Phonetel.
Standish Telephone	34	\$0.25	36	\$0.10	38	\$0.10	Revenue shortages will cause removals.	2	9	Rate of .25 not yet effective, but anticipated.
Tidewater Telecom	56	\$0.25	55	\$0.20	56	\$0.20	Volume, maintenance, proximity to other telephones	None	None	Only 3 self-support
Union River Telephone	4	\$0.10	5	\$0.10	5	\$0.10	Economic issues.	1	None	Phone removed from exchange where 2 remain.
Unitel, Inc	38	\$0.10	35	\$0.10	33	\$0.10	Economics and public policy.	None	None at present.	
Warren Telephone	16	\$0.25	16	\$0.25	16	\$0.25	None.	None (minor caveat)	None	Selling all phones to Phonetel.
West Penobscot	15	\$0.25	15	\$0.25	18	\$0.25	Customer request and vandalism.	3	None	Selling all phones to Phonetel.
TOTALS	8200	0.335	7360	0.245	7715	0.245		631	55	